Postal Regulatory Commission
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BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Periodic Reporting
(Proposal Four)

Docket No. RM2016-12

PUBLIC REPRESENTATIVE SECOND MOTION FOR ISSUANCE OF INFORMATION REQUEST

(September 20, 2016)

Pursuant to Rules 39 C.F.R. §3001.21(a) and 39 C.F.R. §3007.3(c), the Public Representative requests that an Information Request be issued to obtain additional clarifying data and explanation from the Postal Service concerning its proposal to change analytical principles relating to the variability of purchased highway transportation capacity with respect to volume.[1]

Responses to the questions set forth below are intended to enhance understanding of Proposal Four so as to allow participants to provide more constructive comments and evaluate whether the proposal meets applicable legal and regulatory requirements. Obtaining this information will also contribute to a better understanding of how the Postal Service has interpreted Commission rules and allow the Commission to make a fully informed, reasoned determination on whether the Proposal Four meets applicable legal and regulatory requirements, including 39 U.S.C. §3622(c)(2).

The Public Representative proposes the following questions:

1. Please confirm that the Transportation Cost System (TRACS) also records the number of pieces when samples are taken.
    a. If confirmed, please explain why the number of pieces could not be used to estimate the capacity-to-volume variability. Please also provide the PC-SAS program(s), along with any files used to create the following files:

[1] *See* Notice of Proposed Rulemaking on Analytical Principles Used in Periodic Reporting (Proposal Four), August 24, 2016.

fy10weight, fy11weight, fy12weight, fy13weight, fy14weight, and fy15weight.

b. If not confirmed, please explain what obstacles exist to including the number of pieces in the model specification.

c. Please also explain why the variability of vehicle capacity with respect to mail volume capacity is preferable to estimating either the variability of vehicle capacity with respect to volume, or the variability of mail capacity with respect to volume.

2. Please refer to the SAS program entitled "Capacity to volume.2011 to 2015.Nozeros.Autocorrelation," *Id*. as well as "Tech.Append.Hwy.Variab.Updat.docx," and Est.IntePDC.Clust.Area.NDC.Variab.sas, in Docket No. RM2014-6, Proposal Four.

   a. Please confirm that the regression code in the first SAS file: lcube = dow lvol,[2] regresses cubic vehicle volume multiplied by trips, against mean-centered cubic mail volume multiplied by trips, with a day of the week control variable.

   b. Please confirm the regression code in the second SAS file: lnCost = lnCFM lnCFM2 lnRL lnRL2 lnCFMlnRL, regresses cost against cubic vehicle miles.[3]

   c. Please also confirm that TRACS records the number of miles for each sample observation.

   d. If confirmed, please explain why multiplying "cube" by trips, rather than miles, in the first SAS file, is a better specification of capacity to volume variability than cube multiplied by miles, in light of the fact that the two models currently lack a similar capacity term, even though they will be multiplied together to obtain the variability of cost to volume.

[2] *See,* line 141 in the log. Intra-SCF also has a dummy variable for the number of trips per day of the week, per quarter, per year. The intercept and Godfrey corrections have been removed for simplicity, as has the reference to natural logs. The purpose of the question is to present the basic economic relations involved in the regression.

[3] As seen, e.g., on line 908 in the log. The intercept and White corrections have been removed for simplicity, as has the reference to natural logs, and squared and interaction terms. The purpose of the question is to present the basic economic relations involved in the regression.

3. Please refer to Response to CHIR 1, Question 5b, which states "[t]here is not a single Postal Service data set that includes data on cost, capacity, and volume…."

a. Please confirm that the files in the "Inputs" folder of TRACS Library Reference in Docket No. ACR2015: USPS-FY15-NP24.nonpublic.zip, contain data which can be used to produce variables on cost, cubic foot miles, and volume. If not confirmed, please explain the challenges to aggregating these data for regression purposes.

b. If confirmed, please explain why TRACs data cannot be used to yield reliable estimates of both the cost to capacity variability and the capacity to volume variability.

Respectfully submitted,

/s
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